

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff,

v.

PRECISION IMAGE CORPORATION,
a/k/a, CK ENTERPRISES, INC., and
CHIH-KWANG HWA,

Defendants.

NO. CR13-226 JLR

INFORMATION

The United States Attorney charges that:

COUNT 1
(Arms Export Control Act)

On or about September 9, 2011, at King County, within the Western District of Washington, and elsewhere, PRECISION IMAGE CORPORATION did willfully export from the United States technical data designated on the United States Munitions List, International Traffic in Arms Regulations, namely, a PCB, Sensor Motherboard, H-1 Gyro, PESK-7571, which is covered by Category XII(f) of the United States Munitions List, without having obtained from the United States Department of State a license or written approval for the export of this technical data.

All in violation of Title 22, United States Code, Section 2778(b)(2) and (c), Title 22, Code of Federal Regulations, Sections 121.1, 123.1, and 127.1(a).

COUNT 2
(Wire Fraud)

A. The Scheme and Artifice to Defraud

1. Beginning at a time unknown, but within the last five years, and continuing until in or about September 2011, at King County, within the Western District of Washington, and elsewhere, CHIH-KWANG HWA devised and intended to devise a scheme and artifice to defraud and obtain money and property by means of materially-false and fraudulent pretenses, representations, promises, and the concealment of material facts.

2. The essence of the scheme and artifice to defraud was for CHIH-KWANG HWA to fraudulently obtain money and property from the United States by obtaining Navy contracts to supply circuit boards on the false representation that the boards would be constructed within the United States and that Navy technical data associated with the boards would not be sent outside of the United States without proper authorization.

B. Background

3. At all times relevant to this Information, CHIH-KWANG HWA resided in Woodinville, Washington.

4. At all times relevant to this Information, CHIH-KWANG HWA owned and operated Precision Image Corporation, which he operated from his Woodinville residence.

5. Between approximately September 2009 and September 2011, CHIH-KWANG HWA successfully bid on approximately \$180,034 in Navy contracts for the provision of circuit boards. The Navy supplied technical data to CHIH-KWANG HWA that contained the technical specifications for the circuit boards. This technical data could not be legally be transmitted outside the United States without a license from the State Department. CHIH-KWANG HWA knew about this restriction at the time he received the technical data from the Navy.

6. A portion of these contracts, totaling approximately \$42,903, contained a

1 separate provision requiring that the circuit boards be manufactured within the United
2 States.

3 7. For all of the contracts, CHIH-KWANG HWA utilized a Taiwanese
4 company to manufacture the circuit boards that he supplied to the Navy. CHIH-KWANG
5 HWA sent the Taiwanese company the restricted technical data to allow the company to
6 manufacture the boards, without obtaining authorization from the State Department.

7 **C. Manner and Means of the Scheme and Artifice to Defraud**

8 8. It was part of the scheme and artifice to defraud that CHIH-KWANG HWA
9 sent restricted technical data to the Taiwan company, contrary to his representation to the
10 Navy that he would abide by all of their terms and conditions, including that he not
11 transmit any restricted technical data outside of the United States without obtaining
12 proper authorization.

13 9. It was part of the scheme and artifice to defraud that CHIH-KWANG HWA
14 falsely represented to the Navy in connection with the contracts mentioned in paragraph
15 six that the circuit boards would be manufactured in the United States, when in fact the
16 boards were to be manufactured in Taiwan.

17 10. It was part of the scheme and artifice to defraud that CHIH-KWANG HWA
18 obtained an unfair advantage over competitors during the bidding process by basing his
19 pricing on the use of a Taiwanese manufacturer.

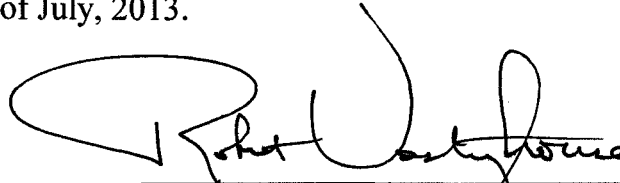
20 **C. Execution of the Scheme and Artifice to Defraud**

21 11. On or about the date set forth below, at King County, within the Western
22 District of Washington, and elsewhere, CHIH-KWANG HWA, having devised the above-
23 described scheme and artifice, for the purpose of executing this scheme and artifice, did
24 knowingly transmit and cause to be transmitted by wire communication in interstate and
25 foreign commerce writings, signs, signals, pictures, and sounds, to wit:
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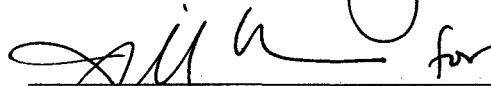
<u>Count</u>	<u>Date</u>	<u>Sender</u>	<u>Wire Transmission</u>
1	September 9, 2011	CHIH-KWANG HWA	Transmission of technical data, to wit, a PCB, Sensor Motherboard, H-1 Gyro, PESK-7571, from the State Washington to Taiwan

All in violation of Title 18, United State Code, Section 1343.

DATED this 26th day of July, 2013.



JENNY A. DURKAN
United States Attorney



TODD GREENBERG
Assistant United States Attorney



THOMAS M. WOODS
Assistant United States Attorney